

## **Other General Council Bodies/Activities**

### **1. Trade Policy Review Body**

#### **Status**

The Trade Policy Review Body (TPRB), a subsidiary body of the General Council, was created by the Marrakesh Agreement establishing the WTO to administer the Trade Policy Review Mechanism (TPRM). The TPRM examines national trade policies of WTO Members on a schedule designed to cover all WTO Members on a frequency determined by trade volume. The process starts with an independent report on a Member's trade policies and practices that is written by the WTO Secretariat on the basis of information provided by the subject Member. This report is accompanied by the report of the country under review. Together the reports are subsequently discussed by WTO Members in the TPRB at a session at which representatives of the country under review appear to discuss the reports on its trade policies and practices and to answer questions. The purpose of the process is to strengthen Member observance of WTO provisions and contribute to the smoother functioning of the multilateral trading system. The current process reflects changes in the instrument, which was created in 1989, to streamline it and to give it more coverage and flexibility. Reports now cover services, intellectual property and other issues addressed by WTO Agreements.

During 1999, the TPRB conducted twelve trade policy reviews, including the United States. Reviews also were held for Argentina, Togo, Guinea, Egypt, Bolivia, Israel, Philippines, Romania, Nicaragua, Papua New Guinea, and Thailand. Four countries were reviewed for the first time, including two least developed countries, Togo and Guinea. By the end of 1999, 120 reviews (113 if grouped reviews were counted as single reviews) have been conducted since the formation of the TPR covering 71 Members, counting the European Union as one. The Members reviewed represent 84 percent of world merchandise trade and 63 percent of the total Membership of the WTO. Of the Members reviewed since 1995, 10 are least developed countries.

#### **Assessment of the First Five Years of Operation**

The TPRM has served as a valuable resource for improving transparency in WTO Members' trade and investment regimes and ensuring commitment to WTO rules. The reports are published after the review is conducted and made available to the public through the WTO. For many lesser developed countries, the reports represent the first comprehensive analysis of their commercial policies, laws, and regulations and have implications and uses beyond the meeting of the TPRB. Some Members have used the Secretariat's Report as a national trade and investment promotion document, while others have indicated that the report has served as basis for internal analysis of inefficiencies and overlaps in domestic laws and government agencies. For other trading partners and U.S. businesses, the reports are a dependable resource for assessing the commercial environment of the majority of WTO Members.

The United States has participated in every Trade Policy Review and developed for each Member under review a detailed list of questions and comments designed to urge, where necessary, compliance with certain WTO/GATT obligations or to obtain better information on issues that are of particular concern to interested parties in the United States. The biennial Reviews of the European Union, Canada, and Japan have provided a regular forum for updates and analysis of policies and measures undertaken by the United States' largest trading partners. During the two Reviews of the United States since 1995, the administration has emphasized the openness of the U.S. market and the important role the U.S. economy plays in the global

trading system. The U.S. Trade Policy Reviews also have afforded the opportunity to defend WTO consistent trade practices and reduce misunderstandings about certain U.S. trade policies and laws. Thus, the TPRM has met the expectations of the United States to provide greater transparency, understanding and consistency in the trade policies of WTO Members, and to better ensure compliance with the rules-based system.

### **Major Issues in 1999**

Reviews have emphasized the macroeconomic and structural context for trade policies, including the effects of economic and trade reforms, transparency with respect to the formulation and implementation of policy, and the current economic performance of Members under review. Another important issue has been the balance between multilateral, bilateral, regional and unilateral trade policy initiatives; in particular, the priorities given to multilateral and regional arrangements have been important systemic concerns. Closer attention has been given to the link between Members' trade policies and the implementation of WTO Agreements, focusing on Members' participation in particular Agreements, the fulfilment of notification requirements, the implementation of TRIPS, the use of antidumping measures, government procurement, state-trading, the introduction by developing countries of customs valuation methods, and the adaptation of national legislation to WTO requirements.

*Trade Policy Review of the United States:* In July 1999, the United States underwent its second Trade Policy Review under the WTO. The meeting offered the opportunity for the United States to point to its traditionally open trade and investment regime and to the important role the strong U.S. economy has played in the stabilization of the global economy during the Asian economic crisis and in contributing through imports to the growth of developing economies. The United States also emphasized the importance it places on compliance by all Members with their WTO commitments and discussed U.S. implementation of commitments in the areas of Agriculture and Sanitary/Phytosanitary Standards, Services, Intellectual Property Rights, and the Agreement on Clothing and Textiles. The importance of improving and opening up the Dispute Settlement Understanding was emphasized, while the United States also explained the important links between trade, labor and the environment.

*Five-Year Appraisal:* As required under the Marrakesh Agreement, the TPRB undertook an appraisal of the operation of the TPRM, which was issued as a report to the Ministers at the 1999 Ministerial. The appraisal confirmed that the TPRM continues to function effectively and remains relevant to its mandate, particularly in its contribution to transparency. The appraisal also noted that the Mechanism has operated as a catalyst for Members to reconsider their policies, has served as an input into policy formulation and has helped to identify technical assistance needs. The TPRB examined resource-savings initiatives, highlighting efforts to utilize, where possible, information from other divisions of the WTO Secretariat and trade-related macroeconomic information from other intergovernmental organizations, such as the World Bank and the International Monetary Fund. The appraisal also examined dissemination, reporting and meeting procedures and offered recommendations towards improvements in each area, including improved access through the WTO website. A second appraisal was recommended not more than five years after the Third Ministerial or as requested by a Ministerial Conference.

*Trade and Core Labor Standards:* An important U.S. achievement at the Singapore Ministerial Conference was the inclusion of language in the Ministerial Declaration whereby Trade Ministers from all WTO Members recognized a commitment to the observance of internationally recognized core labor standards. Considering that Trade Ministers' reaffirmation of this commitment in Singapore made observance of labor standards a legitimate topic for discussion in the WTO, the United States delegation routinely made observations and raised questions relative to labor standards with nearly all those WTO Members which underwent reviews in 1999.

## **Work for 2000**

The TPRM is an important tool for monitoring and surveillance, in addition to encouraging WTO Members to meet their GATT/WTO obligations and to maintain or expand trade liberalization measures. The program for 2000 contains provision for reviews of 15 Members, including Kenya, Iceland, Tanzania, Singapore, Bangladesh, Peru, Norway, Poland, European Union, the Republic of Korea, Bahrain, Brazil, Japan, Switzerland and Canada. Although the TPRM continues to meet its goals, limited resources and a growing list of countries to be reviewed annually – in addition to a number of new accessions – makes it important to keep the Mechanism functioning as efficiently as possible. In particular, the continued active cooperation between Members and the Secretariat plays an essential role in the success of the Mechanism and must be maintained to ensure that the review process continues to run smoothly; that deadlines are met; and that the quality of the report is maintained. Implementation of the recommendations proposed in the five year appraisal also will help to address these issues.